



Beverage Container Recycling Infrastructure Loan Guarantee Program Application



QUESTIONS AND ANSWERS

Q.1: How can one secure an application for a Beverage Container Recycling Infrastructure Loan Guarantee?

A.1: An application can be downloaded from the loan guarantee web page at www.consrv.ca.gov/DOR/LoanGuarantee.htm. To request a paper copy, contact Luis Rodriguez at (916) 323-0835

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Q.2: What are the eligibility requirements for a loan guarantee?

A.2: To be eligible for a loan guarantee, projects need to support new capital outlay recycling infrastructure in the State. The underlying statutory requirements for the Program are that the projects (1) add new recycling capacity, (2) result in re-manufacturing and re-use of beverage containers into new products, and (3) comply with all applicable laws and regulations.

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Q.3: Is any equity required of the applicant?

A.3: The borrower shall contribute a minimum of 15 percent of the project costs. For example, a \$100,000 project would require at least a \$15,000 equity (cash) contribution from the borrower, leaving \$85,000 for the loan. In-kind contributions will not be counted as part of the equity contribution. The bank may increase the minimum required loan contribution based on specific project characteristics.

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Q.4: What are the minimum and maximum size of loan guarantees?

A.4: The minimum loan amount for an eligible project is one hundred thousand dollars (\$100,000). There is no maximum loan amount for an eligible project. The Department will guarantee eighty-five percent (85%) for approved project loans equal to or less than \$150,000, and seventy-five percent (75%) for loans above \$150,000. The Department is authorized to leverage up to ten million dollars (10,000,000) to guarantee up to forty million dollars (\$40,000,000). Larger loan guarantee amounts will be expected to have proportional beverage container recycling benefits. All loan guarantee applications should have a significant short- or long-term impact on either regional, or statewide, recycling levels.

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Q.5: Can one use a loan guarantee to purchase property?

A.5: Real property purchases for land are not eligible for loan guarantees. Loan guarantees can be used for equipment costs, buildings and facilities, rent and utilities, travel, contractual services, salaries and benefits, other operating and non operating costs.

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Q.6: Are there time limitations for a loan guarantee?

A.6: *The Department will guarantee loans for eligible projects for a maximum of fifteen (15) years for machinery and equipment, or the length of life of equipment, whichever is less.*

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Q.7: Can one seek a loan guarantee for existing loans?

A.7: *No, loan guarantees are available only for new capital outlay recycling infrastructure in the State.*

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Q.8: What is the loan guarantee range for projects?

A.8: *The minimum loan guarantee amount that must be requested for a proposed project is \$100,000. Applicants may submit requests for up to the maximum available: \$40 million, or the total remaining loan guarantee authority available to the Department.*

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Q.9: Would creating a transfer station be eligible for a loan guarantee?

A.9: *No. The Department can issue a loan guarantee only if the Department determines that the new recycling infrastructure:*

- 1) *adds recycling capacity*
- 2) *results in remanufacture and reuse of beverage containers into new products*
- 3) *complies with all applicable laws and regulations*

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Q.10: I am calculating projected volumes of beverage containers. What is the conversion to pounds from count for each material type?

A.10: *The Department's statewide average for segregated CRV containers data can be accessed on the Department's website at the following address:*
www.consrv.ca.gov/dor/Notices/Images/commingled_rates.pdf

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Q.11: Is there a preference for projects addressing certain beverage container types?

A.11: *No. There is no loan guarantee program priority for increasing recycling of one program material type over any other program material type. The Department is interested in increasing the State's overall CRV beverage container recycling rate.*

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Q.12: How does the Department envision the program increasing recycling?

A.12: *A major departmental goal for the Program is to complement the recently created grant program. These two programs have complementary objectives, and the same legislative origin. In general, the programs are established to increase demand for beverage container materials with the concept being as demand grows the incentive to recycle will increase and more beverage containers will be recycled to supply the increased demand.*

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Q.13: Should we include references with our application?

A.13: *No. The Department or lending institution may request references during the evaluation.*



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Q.14: My organization is not based in California. Will this affect scoring?

A.14: *It could. While we encourage anyone to apply, highest priority will be given to loan guarantee applications that both (1) increase CRV beverage container recycling rates and (2) create and sustain new California jobs. However, if you plan to relocate or have a California site, it should be explained in detail in your plan of action.*

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Q.15: How will the Department evaluate proposals?

A.15: *Proposals will be evaluated according to the "Evaluation and Scoring Criteria" described in the Loan Guarantee Program Application. A committee of Department staff will review and score the loan guarantee applications. The Department reserves the right to have other agencies represented on the evaluation committee, and may call upon external technical experts for assistance.*

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Q.16: Is it possible to come to Sacramento and meet in your office?

A.16: *Department of Conservation (Department) staff can provide information on the recycling markets and loan guarantee process, but is prohibited from discussing detailed aspects of any potential loan guarantee applications. The Department does post on its website questions received during these periods and the answers to each question.*

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Q.17: Can we include graphs or charts in the narrative for the concept or full proposal?

A.17: *Yes - just note the page limitations for the application.*

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Q.18: I want to develop technology to improve our system. Would this qualify for loan guarantee monies?

A.18: *Department staff cannot comment on your specific idea, but technology development certainly can qualify. Keep in mind the focus of the Loan Guarantee Program, which includes projects that add recycling infrastructure that results in remanufacture and reuse of beverage containers into new products.*

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Q.20: Is this Loan Guarantee Program for beverage containers only?

A.20: *The Loan Guarantee Program is for beverage containers, but proposals may involve other materials as long as beverage containers are the main focus.*

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Q.21: Would equipment that can improve processing of recycled materials qualify for loan guarantee funding?

A.21: *The Department can issue a loan guarantee only if the Department determines that the new recycling infrastructure:*

- 1) *adds recycling capacity*
- 2) *results in remanufacture and reuse of beverage containers into new products*
- 3) *complies with all applicable laws and regulations*



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Q.22: Can the Department supply me with specific data on [glass, aluminum or plastic] markets, so I can complete my application? Can the Department also send me information on other market development efforts at the Department of Conservation

A.22: *The Department has data specific to sales and returns of beverage containers as well as statewide average scrap values for each material type. This information can be obtained at:*
www.consrv.ca.gov/dor/Notices/Index.htm

Information on other Department market development efforts can be obtained at:
www.conservation.ca.gov/DOR/dmr/rpm/

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Q.23: Will proposals from private companies, nongovernmental organizations and government agencies all be considered equally? Are there any circumstances under which the Department would give preference to any one of these types of organizations over another?

A.23: *Applications from all the types of organizations are eligible. The type of organization has no bearing on the scoring of the applicant's qualifications.*

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Q.24: If we are proposing to upgrade to new technology for greater efficiency are there any requirements specific to what to do with the replaced technology?

A.24: *There are no specific requirements, but it is important to:*

- 1) *Clearly outline the benefits of upgrading technology – will it result*

in remanufacture and reuse of beverage containers into new products?

- 2) *Clearly outline how the old technology will be used, for example at a different plant or sold with proceeds used to offset the cost of the technology upgrade.*

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Q.25: Are loan guarantees available for recyclers to purchase equipment?

A.25: *The Department can issue a loan guarantee only if the Department determines that the new recycling infrastructure:*

- 1) *adds recycling capacity*
- 2) *results in remanufacture and reuse of beverage containers into new products*
- 3) *complies with all applicable laws and regulations*

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Q.26: Would approval of a loan guarantee limit the ability of an applicant to apply for a DOC grant for expansion of CRV recycling activities?

A.26: *An applicant who receives a loan guarantee from the Department remains eligible to apply for grants administered by the Department of Conservation for beverage container recycling. The loan guarantee application and grant application must be for different expenditures.*

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Q.27: Can approved grant funds be used on a project for which a loan guarantee had already been received?



A.27: *If a loan guarantee has already been received, it is possible for a subsequent DOC grant to be used for the same project, though, grant funding would only be eligible if the project met the separate requirements of the grant program. The loan guarantee application and grant application must be for different expenditures.*

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Q.28: Can DOC grant funds be used to service debt on a loan guaranteed by the DOC program?

A.28: *No.*

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Q.29: Please clarify the order of sequence for applying for a loan guarantee. Must an applicant have secured a financing source (e.g., bank or investor) before the loan guarantee can be considered, or can the loan guarantee be approved prior to the applicant acquiring a financial funding source for the project?

A.29: *The application (DOR-LG-1) and Lender Pre-Approval Form (Attachment B) form must be submitted to initiate the Loan Guarantee process. The Lender Pre-Approval Form must be completed by the lender showing the borrower has been pre-approved.*

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Q.30: Where did the servicing language come from?

A.30: *The servicing language was adopted from the Small Business Administration (SBA) and the United States Department of Agriculture (USDA) guidelines.*

